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Murrells Inlet, SC 29576-3900
February 17, 2012

TO CONNECTICUT APPROPRIATIONS COMMITTEE:

RE: Teachers' Retirement Public Hearing

I am a retired Connecticut teacher. I still own property in Connecticut but am living in South Carolina. I originally worked in insurance paying into social security and then went into the teaching profession after attaining my appropriate degree. Because of penalties imposed on teachers, I will never be able to collect my own social security or my husband's social security if I outlive him—which is a very real possibility. These penalties are not imposed on all teachers in all states but they are imposed on Connecticut teachers. Statistics show the women outlive men and most teachers are still women. What kind of future is that for Connecticut retired women teachers?

Knowing this, I still worked hard my entire life in order to reap the rewards of comfort in my later years. My husband and I followed all the recommendations of government to have a future nest egg to enjoy retirement—understanding that we would not be rich, but hoping to be comfortable and able to continue to live the “American Dream”. I want to see people raised up in our country—not brought down. So why are YOU trying to destroy my retirement benefits that I worked so hard to attain?

Those of us who saved, didn't get into debt and worked hard all our lives should be the heroes today. But we are now scapegoats. You are looking to destroy the contract that you have made with us even though we did nothing wrong and followed YOUR rules. My medical benefits were earned with hard work as part of my contract with the state. Mr. Rowland didn't keep the State's part of the investment agreement for 10 years to make himself look good to the public. He went to jail. How sad is that? Are you looking to follow in his footsteps?

Here are some factual bits of information:

The Retired Teachers' Health Insurance Fund (“Health Fund”) was created in 1991 and is administered by the State Teachers' Retirement Board (STRB). Active teachers contribute 1.25% of salary annually into Health Fund – this represents the largest contribution to the Health Fund. In 2010-11, active contributions of over \$45 million were deposited into the Health Fund.

Retired teachers participating in the STRB's Medicare supplement plan also contribute a premium share to the Fund. In 2010-11, retirees' contributions amounted to over \$30 million.

Retired teachers and spouses under age 65 and over-65 retirees who are not Medicare eligible obtain insurance through last employing board of education and typically pay full cost of insurance, minus \$110 per month subsidy paid from the Health Fund. Monthly costs currently range from around \$400 to over \$900 per person, depending on local plans.

Under the Windfall Elimination Provision, teachers who do earn social security credits from other employment will receive a reduction in social security benefits of approximately 40-50%. The Government Pension Offset also results in most teachers receiving no spousal benefit from social security.

Retired teachers received a \$0 cost of living adjustment (COLA) in 2010 and 2011.

The Governor's budget proposal will reduce the State's contribution to the Health Fund resulting in savings to the State of over \$15 million. However, the Governor shifts the State's financial obligation to retirees by proposing to increase the premium share paid by retirees on the STRB's Medicare supplement plan from 33% to 42%, a **9% increase**. Based on current 2012 rates, that would amount to a **monthly increase of \$32 per person**.

The reduction in the State's contribution to the Health Fund will negatively affect its long-term solvency. Active and retired teachers have been paying into the Health Fund with the understanding that it will be there for them when they retire.

Governor Malloy is also proposing consolidating STRB into the Office of the State Comptroller. This proposal eliminates the longstanding autonomy of the STRB by having its operations and management performed by the Comptroller's Office. The proposal eliminates the STRB's long-held authority to hire its own Director/Secretary, a power which has allowed the hiring decision to be made by a diverse group of constituents comprising the STRB including gubernatorial appointments, active teachers, retired teachers, agency heads. The proposal also transfers the right to recommend and certify all expenses paid by TRB, enter into contracts, and offer the STRB's from the STRB itself to the Comptroller.

Given the significant difference in technology utilized by the STRB and the Comptroller's Office, presumably it would increase costs to consolidate their computer systems and processes. STRB provide services for its active and retired members at a cost of \$27 per member. **No other teacher or state employee system in the country comes close to matching this cost-efficient number.**

If you destroy your contract with retirees, shame on you. I do not expect things to stay the same, but I do expect that previous contracts be honored. And to destroy the STRB is just another way for the politicians to get control of money that isn't theirs and to desecrate a good system. Think before you act and act responsibly.

Sincerely,

Linda Cimadon